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Effects of microfinance institution services to the economic, social, and personal development domains of farmers in Vintar, Ilocos Norte, Philippines

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ABSTRACT

This study explored how Microfinance Institutions (MFIs) are shaping the lives of farmers in Vintar, Ilocos Norte—economically, socially, and personally. It also examined their socio-economic backgrounds, motivations for availing MFI services, and the challenges they faced.

Using surveys and interviews with 245 farmer-members, the study revealed that most farmers earn below Php 5,000 monthly, are long-time tenants, and rely solely on farming. Savings and life insurance were the most availed services, often paid weekly, while crop insurance and agri-loans were largely untapped.

Accessibility was the biggest draw to MFIs, while financial security was the least motivating. Challenges in accessing services were generally minor.

MFIs were found to contribute modest yet meaningful improvements: boosting income, assets, and savings; enhancing household management, relationships, and self-confidence; and supporting children's education, health, and nutrition.

In sum, while not transformative, MFIs offered steady support that helped uplift the lives of Vintar's farming community.

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Introduction

Microfinance has emerged as a powerful tool for advancing growth and development,

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particularly in nations where poverty remains widespread. Globally, it has gained traction for its potential to uplift marginalized communities (Chikwira et al., 2022). As Miled et al. (2022) explain, microfinance specifically targets the poor and financially excluded, offering them access to credit and financial tools to start or sustain income-generating activities—particularly those vulnerable to economic shocks and reliant on informal financing.

In the Philippines, the Bangko Sentral ng Pilipinas (BSP, 2020) underscores the vital role of Microfinance Institutions (MFIs) in promoting financial inclusion, especially in rural areas. According to the 2019 Financial Inclusion Survey, account ownership among MF-NGO clients rose from 8% in 2017 to 12% in 2019, helping rural account penetration surpass urban rates (30% vs. 27%)—a reversal of the 2017 trend. Among the poorest Filipinos, account ownership nearly doubled from 14% to 27%, with MF-NGOs emerging as the top formal credit source for 31% of borrowers.

Though the COVID-19 pandemic disrupted operations, it also pushed MFIs to explore digital solutions. In response, BSP initiated a rapid assessment to identify digitalization challenges and mobilize support from the government and development partners—an essential step to ensure that low-income clients continue accessing microfinance as they rebuild livelihoods.

Modern microfinance traces its roots to Dr. Muhammad Yunus and the founding of Grameen Bank in Bangladesh in 1976. The Philippines was among the early adopters, transitioning from unsustainable government-led credit programs in the 1970s–1980s to private sector-led microfinance in the 1990s. The National Strategy for Microfinance (1997) and the General Banking Law of 2000 further mainstreamed microfinance as a legitimate banking activity. Since then, the sector has expanded with diverse products like microloans, agri-loans, microdeposits, and microinsurance (BSP, 2013).

Globally, the rural poor—often engaged in agriculture or microenterprises—remain at the heart of poverty (World Bank, 2015). In the Philippines, farmers are among the hardest hit, with a poverty incidence of 30% as of 2021 (PSA, 2021). These farmers often face limited access to capital for crop production, making microfinance a critical lifeline.

Numerous studies affirm microfinance's positive economic effects. Fernandez et al. (2018) found that it improves living standards in areas such as business transformation, individual and family well-being, and social development. Agbola et al. (2017) noted that microfinance clients typically enjoy higher income and savings than non-clients. Still, the overall effectiveness of microfinance remains debated, with some studies showing mixed outcomes (Layaoen, 2021). Further research is needed to clarify its true impact, particularly among self-employed, low-income individuals like farmers.

Motivated by both personal experience as a farmer and an MFI member, the researcher sought to contribute new insights by examining how microfinance services affect the economic, social, and personal development of farmers in rural communities. This study was conducted to help fill the research gaps on MFIs and their role in poverty reduction and rural development.

Literature review

Microfinance and its global significance

Microfinance refers to financial services—such as loans, savings, and insurance—offered to low-income individuals who are traditionally excluded from formal banking (Kagan, 2024; Yadav et al., 2022). Around the world, it has emerged as a vital strategy for poverty alleviation, entrepreneurship, and social inclusion (Kumari et al., 2019; ADB, 2013). While definitions of microfinance may vary across countries, they all converge on the shared goal of supporting underserved populations—particularly in regions like South Asia, which is home to 60% of the global poor (Thai-Ha Le, 2021; UN, 2020).

Building on this role, microfinance has been widely praised for fostering self-employment, enabling the creation of microenterprises (Nogueira et al., 2020), and advancing women's empowerment (Mumi et al., 2020). Recognizing its potential, the World Bank (as cited in Kumar, 2021) has identified microfinance as a key tool for development. Reflecting its growing significance, the global microfinance market was valued at $187 billion in 2022 and is projected to surpass $488 billion by 2030 (StrategyR, 2023).

Microfinance in the Philippines

Microfinance in the Philippines traces its roots back to the 1960s, initially delivered through rural banks and cooperatives (Rapisura, 2019). By the 1980s, the country witnessed a significant shift with the adoption of non-collateralized group lending, inspired by Bangladesh's Grameen Bank model. Since then, the sector has grown steadily and now includes over 2,000 institutions—ranging from banks and cooperatives to NGOs.

Over the years, the Philippine government has played a proactive role in promoting microfinance. A major milestone came in 1997 with the launch of the National Strategy for Microfinance, which emphasized sustainable and inclusive access to credit. This commitment was recognized internationally when, in 2005, the country was ranked best in microfinance implementation by the Consultative Group to Assist the Poor (CGAP). Further institutional support followed with the passage of Republic Act No. 10693 in 2015, which formally recognized microfinance NGOs as key development partners (Philippine Star, 2016).

Microfinance services availed by farmers

Over time, microfinance services in the Philippines have evolved beyond small loans to include a broader range of financial products such as agricultural loans, savings, insurance, and education

loans (Macatangay, 2019). Among these, agricultural loans continue to be the most commonly accessed by farmers, primarily used for purchasing inputs and sustaining supplementary livelihoods (Alip, 2023). Complementing these findings, a study by Rich (2018) revealed that life insurance emerged as the most valued microfinance service, followed closely by savings and credit—underscoring the diverse financial needs of rural clients.

Effects of microfinance on farmers

Access to microfinance has shown a measurable impact on agricultural productivity, household income, and social well-being. As highlighted by Girabi and Mwakaje (2013), credit enables farmers to invest in quality inputs, hire labor, and tap into more profitable markets. Building on this, Stewart et al. (2012, as cited in Nolon & Plaza, 2021) reported notable improvements among rice farmers in areas such as crop yield, education, healthcare access, and asset accumulation.

Furthermore, microfinance positively influences investment decisions and contributes to the long-term sustainability of livelihoods (Macatangay, 2019). Empirical studies by Sapkota et al. (2022) and Gutierrez and Hechanova (2022) support the view that access to credit enhances not only agricultural productivity but also family welfare and food security. However, it is important to note that not all research presents uniformly positive outcomes. For instance, Tarozzi et al. (2015) found no significant effects on income or empowerment in their study conducted in Ethiopia, suggesting that the benefits of microfinance may vary depending on context and implementation.

Problems encountered by farmers in availing microfinance

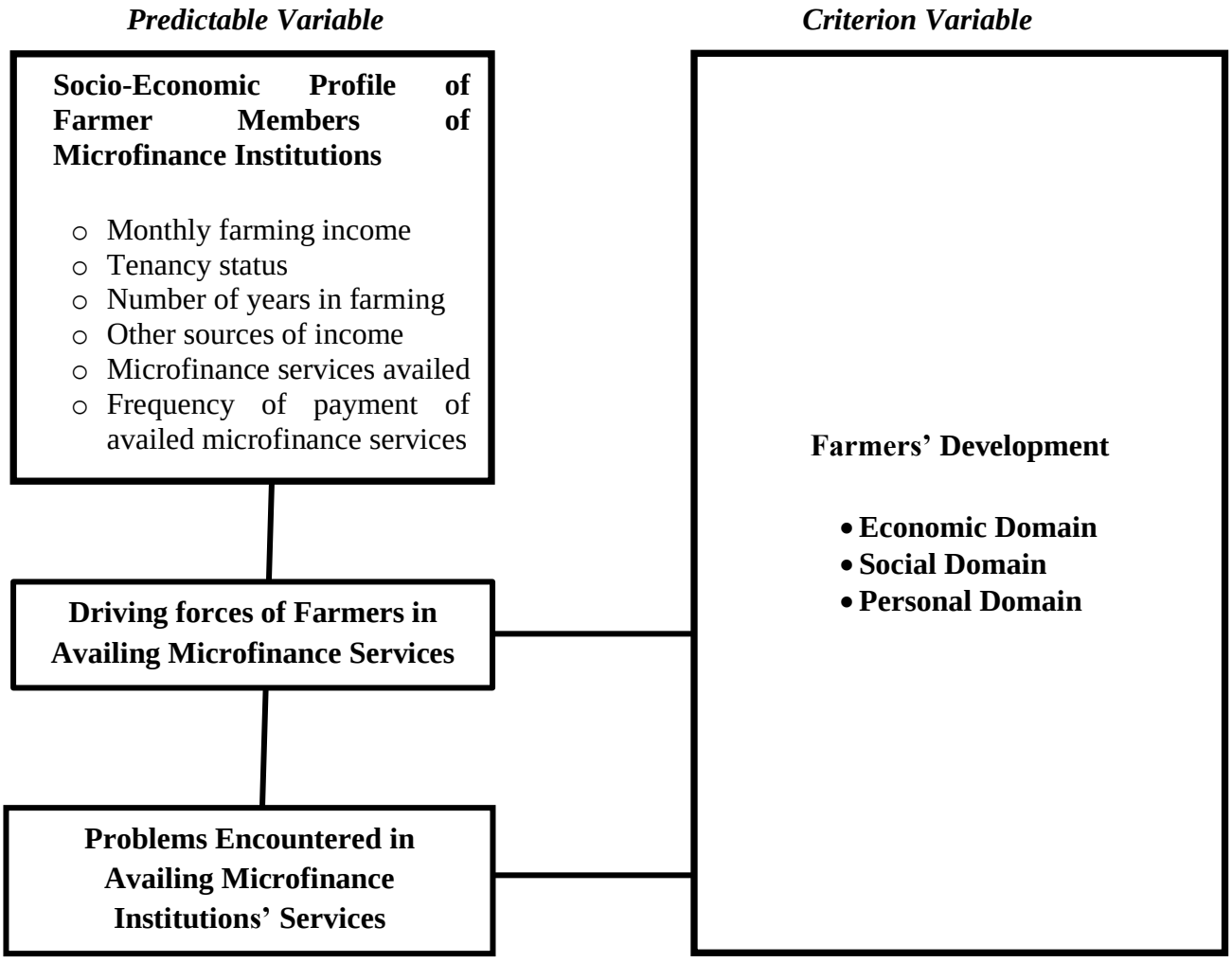
Despite the potential benefits, farmers often encounter significant barriers in accessing and utilizing microfinance services. Among the most pressing challenges are those related to land preparation, inadequate irrigation systems, limited access to modern technology, and poor farm-to-market infrastructure (Nolon & Plaza, 2021). In addition to these structural issues, procedural hurdles also discourage participation. For example, credit application processes are frequently viewed as slow, burdensome, and overly complex (Pasha & Negese, 2014). Compounding these difficulties are external factors such as weather variability and market volatility, which increase the risks and costs associated with borrowing—often without any guarantee of return (Dossou et al., 2020).

Related empirical studies

Several studies across different contexts reinforce these findings on the impact of microfinance. In Nepal, for instance, Sapkota et al. (2022) observed that participants in microfinance programs experienced higher food self-sufficiency and income levels. Similarly, Dlamini (2022) documented improved income and productivity among maize and sugarcane farmers in Eswatini, though access to credit was found to be unevenly distributed along gender lines. In Sierra Leone, Bangura et al. (2021) also reported gains in productivity; however, they highlighted high interest rates and delayed disbursements as persistent challenges.

In the Philippine context, local studies by Anjum et al. (2020) and Dagos (2021) revealed positive socio-economic outcomes, including increased household income, better access to healthcare, and expanded educational opportunities. On the other hand, cautionary insights were offered by Rich (2018) and Benejee & Jackson (2016), who pointed out the risks of falling into debt cycles and the potential misuse of credit. Despite these drawbacks, the overarching narrative remains optimistic, as highlighted by Khan (2018) and Agbola et al. (2017), who emphasized microfinance's pivotal role in poverty reduction and the enhancement of overall household well-being.

Conceptual framework



Source: Ramos, Jessabelle D., 2024

Figure 1. The conceptual framework of this study the effects of microfinance institution services to the Farmers in their economic, social, and personal development domains.

Statement of the problem

This study explored how the services provided by microfinance institutions influenced the economic, social, and personal development of farmers in Vintar, Ilocos Norte, Philippines. Specifically, it answered the following questions:

1. What is the socio-economic profile of the farmer-members of microfinance institutions in terms of:
    1.1 monthly farming income;
    1.2 tenancy status;
    1.3 number of years in farming;
    1.4 other sources of income;
    1.5 microfinance services availed; and
    1.6 frequency of payment of availed microfinance institutions' services?

2. What are the driving forces of farmers in availing microfinance services?

3. What are the problems encountered by farmers in availing the services of the microfinance institution?

4. How do the microfinance institutions' services affect the development of the farmers in terms of:
    4.1 economic domain;
    4.2 social domain; and
    4.3 personal domain?

Research methodology

This chapter outlines the research design and details the sources of data, including the study's locale, population, and sampling methods. It also discusses the instrumentation, data collection procedures, and the tools used for data analysis.

Research design

This study employed a mixed-methods research design, which combines both quantitative and qualitative approaches to comprehensively address the research questions. By integrating the strengths of both methods, mixed methods provide a more complete understanding than either quantitative or qualitative research alone (George, 2023).

This design is particularly suited for exploring the effects of microfinance institution services on farmers' development across economic, social, and personal dimensions.

Locale of the study

The study was conducted in the Municipality of Vintar, Ilocos Norte specifically, Brgy.Isic-Isic, Brgy. Ester, Brgy. Abkir,Brgy. Bulbulala, & Brgy. Manarang.

Population and sampling

The population for this study consisted of farmers in Vintar, Ilocos Norte, who avail themselves of microfinance services. From the Registry System for Basic Sectors in Agriculture (RSBSA) members in Vintar, only the top five registered beneficiaries were selected. Furthermore, respondents were limited to active farmers who are permanent residents of the municipality and have accessed microfinance for at least two years.

Purposive sampling was used to select participants. The sample size was determined using Gay's formula (1976), which recommends minimum sample sizes for descriptive research: 20% of populations up to 500, and 10% for populations as large as 1,000.

Table 1. Distribution of the respondents according to barangays chosen for the study

Barangay of Vintar	Number of Farmers	Sample size
Brgy. 34, Isic-Isic	329	92
Brgy. 14, Ester	258	34
Brgy. 18, Abkir	225	50
Brgy. 11, Bulbulala	213	19
Brgy. 22, Manarang	195	50
TOTAL	**1,220**	**245**

The largest group of respondents are aged 59 and above, predominantly male and married. Most have completed elementary education, and the majority come from households with 4 to 6 members.

Instrumentation and data collection

Data were collected using a survey questionnaire and an interview schedule. The questionnaire had four parts: Part I captured respondents' economic profiles, including monthly farming income, other income sources, microfinance services availed, payment frequency (from Dagos, 2021), tenancy status, and years in farming (developed by the researcher). Part II explored the motivations behind farmers availing microfinance services (adapted from Dagos, 2021). Part III assessed problems faced by farmers using a 1-to-5 severity rating scale, based on Anjum et al. (2020). Part IV examined the effects of microfinance on farmers' economic, social, and personal development, with items drawn from Dagos (2021) and Anjum et al. (2020). Qualitative data were gathered through interviews with key informants, specifically selected farmer leaders from the five RSBSA groups. Data collection began after securing approval from the municipal mayor and barangay chairpersons to ensure proper coordination. The researcher personally conducted

the data gathering, obtaining respondents' consent and assuring confidentiality. After collecting the completed questionnaires, the researcher organized the data into a matrix for systematic recording and analysis.

Tools for data analysis

The following statistical tools were used for data analysis: frequency count and percentage to describe respondents' socio-economic profiles (except for microfinance services availed); frequency count and ranking to describe microfinance services used and the farmers' motivations for availing them; and weighted mean to assess the severity of problems encountered in accessing microfinance services, with mean values interpreted according to established descriptive ranges. The interpretation of scores were based on the following:

Range of Mean Values	*Descriptive Interpretation*
4.51-5.00	Extremely serious (ES)
3.51-4.50	Very serious (VS)
2.51-3.50	Serious (S)
1.51-2.50	Slightly serious (SS)
1.00-1.50	Not serious at all (NSAA)

Data presentation and analysis

This chapter presents the data gathered, the analysis and interpretation pertaining to the effects of microfinance institution services to the economic, social and personal development domains of farmers in Vintar, Ilocos Norte, Philippines.

Table 2. Socio-economic profile of farmer members of microfinance institutions in Vintar, Ilocos Norte (n=245)

SOCIO-ECONOMIC PROFILE	FREQUENCY (f)	PERCENTAGE (%)
Monthly Farming Income (Php)		
5,000 and below	128	52.24
5,001 - 10,000	60	24.50
10,001 - 15,000	27	11.02
15,001 - 20,000	22	8.98
20,001 - 25,000	5	2.04
above 25,001	3	1.22
Tenancy Status		
Tenant	153	62.40
Landowner	92	37.60
Number of Years in Farming		
Below one year	6	2.44

1 - 5 years	29	11.84
6 - 10 years	31	12.65
11 - 15 years	25	10.20
16 - 20 years	12	4.90
21 - 25 years	20	8.17
26 years and above	122	49.80

Other Sources of Income ***		
Other businesses (Sari-Sari Store, Furniture Shop, Bakery, Motor Shop, Buy and Sell)	10	4.08
Salary	40	16.32
Remittance from abroad	35	14.28
Jeepney driver	3	1.22
Tricycle driver	1	0.41
Fishing	3	1.22
Construction worker	9	3.67
Pension	2	0.82
Honorarium (*Barangay Tanod*)	1	0.41
None	112	45.71

Microfinance Services Availed***	**F**	**Rank**
Savings	245	1.5
Life Insurance Coverage	245	1.5
Accident Insurance Coverage	95	3
Hospitalization Insurance Coverage	89	5
Crop Insurance Coverage	86	6
Agri-loans	93	4

Frequency of Payment of Availed Microfinance Services	**FREQUENCY**	**PERCENTAGE**
A. Savings		
Weekly	245	100.00
Monthly		
B. Life Insurance Coverage		
Weekly	238	97.14
Monthly	1	0.41
Annually	5	2.04
C. Accident Insurance Coverage		
Weekly	82	33.46
Every two weeks	1	0.41
Monthly	1	0.41
Did not avail the service	161	65.71

D. **Hospitalization Insurance Coverage**		
Weekly	82	33.46
Every two weeks	1	0.41
Did not avail the service	162	66.12
E. **Crop Insurance Coverage**		
Weekly	27	11.02
Monthly	8	3.26
Quarterly	5	2.04
Semi-annually		
Annually	17	6.94
Seasonal	13	5.30
Did not avail the service	175	71.42
F. **Agri – Loans**		
Weekly	27	11.02
Monthly	8	3.26
Quarterly	5	2.04
Annually	17	6.94
Seasonal	6	2.44
Did not avail the service	175	71.42

Table 2 reveals that most farmers (128 or 52.24%) earn a monthly farming income of Php 5,000 and below, followed by nearly one-fourth (60 or 24.48%) earning between Php 5,001 and 10,000. Only a small fraction (3 or 1.22%) reported incomes above Php 25,001. These figures fall significantly short of the estimated average monthly income of Php 22,405 per household for farmers nationwide, as reported by Philrice (2016). Regarding tenancy status, most respondents are tenants (153 or 62.40%), with the remainder (92 or 37.60%) owning their land, which contrasts with Philrice's (2016) finding that 57% of Filipino rice farmers are landowners. Nearly half of the respondents (122 or 49.80%) have been farming for 26 years or more, aligning with the national average of 32 years farming experience documented by Philrice (2016).

Almost half of the respondents (112 or 45.71%) reported no other source of income besides farming. Among those with additional income, salaries (40 or 16.32%) and remittances from abroad (35 or 14.28%) were the most common, while a few earned from other activities such as tricycle driving or honoraria as Barangay Tanods (each 0.41%).

Farmers accessed a range of microfinance services, including savings, various types of insurance (life, accident, hospitalization, crop), and agricultural loans. Savings and life insurance were the most widely availed services, both utilized by 245 respondents (ranked 1.5), reflecting their mandatory status in microfinance institutions. These were followed by accident insurance (95, rank 3) and agricultural loans (93, rank 4), while crop insurance was the least availed (86, rank

6). This prioritization suggests farmers value secure savings and insurance coverage as fundamental financial protections.

Supporting these findings, Nolon and Plaza (2021) noted that microfinance institutions provide farmers with crucial financial support, especially through loans that aid farm preparation and sustain families until harvest, though these loans carry risks due to repayment obligations regardless of crop outcomes. Alip (2023) emphasized agricultural loans as the most commonly accessed microfinance product, often used to purchase inputs and supplement income via other livelihoods such as small businesses or animal raising. Similarly, Rich (2018) reported life insurance as the preferred service among CARD microfinance clients, followed by savings and borrowing.

Regarding payment frequency, all respondents made mandatory savings deposits weekly. Life insurance contributions were also predominantly weekly (238 or 97.14%), with minimal exceptions paying biweekly or monthly. Optional services like accident and hospitalization insurance were availed weekly by roughly one-third of respondents (82 or 33.46%). Crop insurance and agricultural loans were less commonly utilized, with most respondents not availing these services (175 or 71.42% each). Among those who did, weekly payments were the most frequent, though some opted for quarterly intervals.

Overall, these results reflect the farmers' reliance on microfinance institutions primarily for mandatory savings and insurance, while loan and crop insurance utilization remain more limited, consistent with challenges noted in the literature about risks and access barriers in agricultural finance.

Driving Forces of Farmers in Availing Microfinance Services in Vintar, Ilocos Norte

Table 3. Driving forces of farmers in availing microfinance institutions' services in Vintar, Ilocos Norte (n=245)

DRIVING FORCES*	FREQUENCY	RANK
Health related problems	26	5
Financial Security	21	6
Education	50	3
Agricultural purposes	129	2
Microenterprises	32	4
Accessibility	143	1

* Multiple responses

Farmers are motivated by six key factors when availing microfinance institution (MFI) services, with accessibility emerging as the clear frontrunner—mentioned by 143 respondents and ranked first. Close behind is the need for agricultural purposes (129, rank 2), followed by education (50, rank 3). Interestingly, financial security ranks lowest, cited by only 21 respondents. This highlights how MFIs' outreach efforts—bringing services directly to farmers' communities and homes—play a crucial role in attracting members.

This finding contrasts with Dagos (2021), who reported that in Occidental Mindoro, financial security was the top motivator for 76% of microfinance clients, with health concerns (72.5%) and education (69%) also ranking high. There, agricultural loans were a less common driver (19%), often tied to clients needing capital for farmland. The difference underscores how local context and service delivery approaches shape what draws farmers to microfinance—whether it's the convenience of access or pressing financial needs.

Table 4. Problems encountered by farmers in availing the services of the microfinance institutions in Vintar, Ilocos Norte (n=245)

PROBLEMS	WEIGTHED MEAN	DESCRIPTIVE INTERPRETATION
Interest rate is high.	1.36	VSS
Do not know about microfinance.	1.40	VSS
The loan procedure is too complicated.	1.30	VSS
Do not believe in microfinance.	1.40	VSS
Do not have access to microfinance.	1.30	VSS
The loan amount is very small.	1.36	VSS
Do not believe in group personal guarantee loans.	1.38	VSS
Non-availability of loan when needed.	1.26	VSS
COMPOSITE MEAN	**1.34**	**VSS**

Legend:

Range of Mean Scores	*Descriptive Interpretation*
4.51 - 5.00	*Extremely serious (ES)*
3.51 - 4.50	*Very serious (VS)*
2.51 - 3.50	*Serious (S)*
1.51 - 2.50	*Slightly serious (SS)*
1.00 - 1.50	*Very slightly serious (VSS)*

This study also examined the problems farmers encountered in accessing microfinance services, with results shown in Table 4. Overall, farmers reported only very slightly serious (VSS) issues, reflected in a low composite mean of 1.34. Individual problem items similarly ranged between

1.26 and 1.40, all within the VSS category. The highest-rated concerns, both at 1.40, were "Do not know about microfinance" and "Do not believe in microfinance," while the lowest, "Non-availability of loan when needed," scored 1.26.

These findings suggest that farmers face minimal obstacles in utilizing microfinance services. However, this contrasts somewhat with Anjum et al. (2020), who identified challenges such as high interest rates, lack of information, complicated loan procedures, distrust of microfinance, small loan amounts, and untimely loan availability as common constraints for MFI borrowers. This highlights that while some barriers persist elsewhere, the farmers in this study experience relatively few serious problems.

Economic development domain of the farmers

Table 5. Effects of the microfinance institution services to the development of farmers along economic, social, and personal domains, Vintar, Ilocos Norte (n=245)

DOMAINS OF DEVELOPMENT	FREQUENCY (f)	PERCENTAGE (%)
A. Economic development domain		
1. Increased income		
No effect	114	46.53
Yes	131	53.47
2. Reduced poverty		
No effect	117	47.76
Yes	128	52.24
3. Increased acquired assets		
No effect	121	49.38
Yes	124	50.62
4. Enhanced productivity		
No effect	121	49.38
Yes	124	50.62
5. Increased savings		
No effect	121	49.38
Yes	124	50.62
6. Increased capital		
No effect	118	48.16
Yes	127	51.84
B. Social Development Domain		
1. Improved household management		
No effect	117	47.76
Yes	128	52.24

2. Improved lifestyle		
No effect	115	46.94
Yes	130	53.06
3. Improved public relationships with other people		
No effect	114	46.53
Yes	131	53.46
4. Increased self-confidence and fulfillment		
No effect	117	47.76
Yes	128	52.24
C. Personal Development Domain		
1. Improvement on Children's Education		
No effect	113	46.12
Yes	132	53.88
2. Increased involvement in family's decision making		
No effect	113	46.12
Yes	132	53.88
3. Improvement & development in health status		
No effect	114	46.53
Yes	131	53.46
4. Improvement in food/diet pattern		
No effect	113	46.12
Yes	132	53.88

Increased Income. Most farmers (131 or 53.47%) reported increased income through the services of Microfinance Institutions (MFIs), while 114 (46.53%) did not. Interviews suggested that this income increase ranged from 25% to 50%. One farmer leader noted that due to CARD, a portion of their budget was redirected to savings (Key Informant No. 6), while another who saw no change explained that funds were only used for payments, with no stable income source (Key Informant No. 1). These results indicate a modest but meaningful contribution of MFIs to income growth. This supports Anjum et al. (2020), who linked microcredit to increased income, and aligns with Fletscher and Kenny (2014), who emphasized MFIs' role in enhancing productivity and resource use. Sudha and Ashok (2020) similarly observed income growth among SHG members in Tamil Nadu. However, Tarozzi et al. (2015) found no significant income effects from microfinance in rural Ethiopia.

Reduced Poverty. Over half of the respondents (128 or 52.24%) acknowledged a reduction in poverty due to MFIs, while 117 (47.76%) did not. The estimated reduction ranged from 25% to 40%, as one farmer highlighted the shift from debt reliance to financial benefit with CARD (Key Informant No. 2). These findings affirm Dagos (2021), who found poverty reduction among MFI clients, and Agbola et al. (2017), who noted higher incomes and savings among microfinance users in Northeastern Mindanao. Nonetheless, some respondents' experiences echoed the caution of Benejee and Jackson (2016), who argued that microfinance sometimes increases indebtedness and vulnerabilities.

Increased Acquired Assets. Respondents were nearly split: 124 (50.62%) reported increased assets, while 121 (49.38%) did not. Increases were pegged at 50–60%, with some using MFI loans to buy motorcycles or livestock (Key Informants No. 3 & 4). This aligns with Dagos (2021), who found that microfinance led to greater asset accumulation among clients in Occidental Mindoro.

Enhanced Productivity. A slight majority (124 or 50.62%) believed MFIs enhanced their productivity, while 121 (49.38%) did not. Loans were reportedly used to start small businesses or livestock ventures (Key Informant No. 5). This finding supports Sapkota et al. (2022), who linked microfinance to increased agricultural productivity in Nepal, and Dlamini (2022), who found similar results in Swaziland. Gutierrez and Hechanova (2022) confirmed that higher loan amounts improved rice farmers' output. Thai-Ha (2022) further emphasized microfinance's role in income generation, entrepreneurship, and consumption smoothing in developing economies.

Increased Savings. Exactly 50.62% (124 respondents) reported increased savings, while 49.38% did not. Weekly savings were deemed obligatory, as one farmer noted minimal but consistent savings for emergencies (Key Informant No. 2). This supports Sapkota et al. (2022), who found microfinance enhanced rural savings, and Rich (2018), whose study of CARD in Palawan revealed that members highly valued savings, second only to life insurance.

Increased Capital. Slightly more than half (127 or 51.84%) experienced capital growth, while 118 (48.16%) did not. Increases were estimated at around 25%, with one farmer citing a modest rise (Key Informant No. 3). These results affirm the findings of Nolon and Plaza (2021), who emphasized microfinance's role in meeting farm production needs, and Stewart (2020), who linked microcredit access to improved income and financial stability among African smallholder farmers.

Social development domain of the farmers

Table 5 also presents the effects of microfinance institution (MFI) services on the social development of farmers in four areas: improved household management, improved lifestyle, enhanced public relationships, and increased self-confidence and fulfillment.

Improved Household Management. A slight majority of the respondents (128 or 52.24%) reported that MFI services contributed to better household management, while 117 (47.76%) saw no such effect. Among those who observed improvement, they estimated a 30–40% enhancement in managing household responsibilities. One participant shared:
"Makaistimar iti uneg ti balay numan pay adu ti aramiden iti pagtatalonan"
(We can fix things in our home despite the many tasks on the farm.) – Key Informant No. 1
However, some expressed challenges, as another participant noted:
"Multi-tasking met da taon ta awan met pangnamnamaan"
(We became multi-tasking since nobody could help us.) – Key Informant No. 3

These findings indicate that MFI membership can inspire better household management, though balancing farm and home responsibilities remains a challenge.

Improved Lifestyle. Over half of the respondents (130 or 53.06%) stated that their lifestyle improved through MFI services, while 115 (46.94%) perceived no change. They attributed 30–40% of the improvement to their MFI involvement. Respondents shared how access to credit allowed them to purchase previously unaffordable items:

"Idi ket haan kami makagatang ti nangingina nga gamit... Kaasin Apo, makagatang dataon."
(In the past we couldn't afford expensive amenities. Thanks to God, now we can.) – Key Informant No. 1

"Idi awan met ti paggatang ti kayat, ita adda met bassiten makapag Shopee or Lazadan."
(Before, we had no means to buy what we wanted; now we can afford some.) – Key Informant No. 3

These narratives suggest that MFIs helped improve living conditions and satisfaction among farmers. This supports the findings of Dagos (2021), who also observed improved lifestyles among MFI clients in San Jose, Occidental Mindoro.

Improved Public Relationships. A total of 131 respondents (53.46%) claimed better public relationships due to MFI participation, while 114 (46.53%) did not see a change. Respondents estimated a 50% improvement in their social interactions. One participant shared:

"Gapu detoy nga CARD Inc. adu ti gayyem... adda bassit maurnong."
(Because of CARD Inc., I gained many friends. Their support for my business allows me to save a little.) – Key Informant No. 6

MFIs appear to foster community ties and social capital, which can translate into economic and emotional benefits. This aligns with Dagos' (2021) findings on the positive social impacts of MFI membership.

Increased Self-Confidence and Fulfillment. More than half of the respondents (128 or 52.24%) felt an increase in self-confidence and personal fulfillment through their MFI membership, while 117 (47.76%) did not. One participant even noted a 100% increase in self-confidence:

"Natulongak ti bagik nga manggun-od kadagiti arapaap ko..."
(I was able to help myself achieve my dreams and feel fulfilled.) – Key Informant No. 6

This suggests that MFIs serve not only as financial support systems but also as enablers of personal growth and self-actualization. These findings are consistent with those of Dagos (2021), who documented similar personal effects among MFI clients.

Personal development domain of the farmers

Another notable area of development among farmers attributed to microfinance institutions (MFIs) pertains to their personal development, particularly in the domains of children's education, involvement in family decision-making, health status, and food/diet patterns. These findings are presented in Table 5.

Improvement in children's education

A slight majority of respondents (132 or 53.88%) agreed that MFI services led to improvements in their children's education. Meanwhile, 113 respondents (46.12%) reported no perceived effect. Among those who experienced improvements, they attributed 40% to 70% of the educational progress to the services provided by MFIs.

These findings are supported by qualitative data from key informants:
"Kaasin Apo, nakaadal dagiti ubbing ko gaput pautang ti microfinance."
(Thanks to God, my children were able to study because of the educational loans provided by microfinance.)
— Key Informant No. 1
"Ti microfinance ket makatulong iti pinansial nga aspeto iti pinagadal dagiti annak."
(Microfinance helps in the financial aspect of the children's education.)
— Key Informant No. 6

These insights highlight the significant contribution of microfinance loan services in enabling families to support their children's pursuit of higher education. This is consistent with the findings of Nolon and Plaza (2021), who noted that MFIs contributed to uplifting rice farmers' socio-economic status. Farmers used financial loans not only for livelihood capital but also to afford their children's education and healthcare.

Increased involvement in family decision-making

A similar majority of respondents (132 or 53.88%) indicated increased involvement in family decision-making due to their MFI membership, while 113 respondents (46.12%) did not perceive any influence in this regard. Those who reported greater involvement attributed 50% to 100% of this change to their participation in MFI programs.

This was echoed by a key informant:
"Kangrunaan nga iyuman kadagiti miyembros ti pamilya dagiti banag nga adda kanaig ti pinag decision bassit man wenno dakkel tapno awan ti babalawen, nangruna no maipanggep iti panangsagrap kadagiti serbisyo ti microfinance."
(It is important to involve family members in decisions—big or small—especially when accessing MFI services, so no one is blamed.)
— Key Informant No. 6

These findings suggest that MFIs indirectly foster participatory decision-making practices within families, which may become a normative behavior among members. This aligns with Jadie et al. (2016), who found that decision-making is commonly shared between spouses, with women empowered to manage borrowed funds, provided they remain transparent about fund usage.

Improvement in Health Status

Many respondents (131 or 53.46%) also acknowledged improvement in their health status as a result of MFI services. The remaining 46.53% (114 out of 245) reported no such effect. Among those reporting improvement, 70% to 80% of the positive change was attributed to MFI services.

These results are consistent with findings by Maldonado et al. (2020), whose study in Western Kenya demonstrated that group-based microfinance combined with health education led to improvements in maternal, newborn, and child health outcomes. Similarly, Nolon and Plaza (2021) emphasized that microfinancing helped clients access healthcare services. Additionally, Anjum et al. (2020) reported that farmers' access to health facilities improved alongside increases in income enabled by microcredit.

Improvement in Food/Diet Pattern

Lastly, 131 respondents (53.46%) reported improvement in their food and dietary patterns due to their MFI membership. Conversely, 114 respondents (46.53%) indicated no impact.

Key Informant No. 1 reported a full (100%) improvement in their food and dietary habits:

"Adu met ti magatangen nga naimas nga taraon ken haan met malipatan ti mangan ti tallo beses ti maysa nga aldaw."
(We can now afford to buy more delicious food, and we never forget to eat three times a day.)

This suggests that MFIs contributed to improved food security by enhancing the financial capacity of members to afford nutritious meals, supporting both health and general well-being. Armstrong (2012) supports this view, arguing that microfinance positively impacts food security and could have even greater effects if complemented with nutrition education, technological access, and bundled savings or insurance services.

Discussion

Socio-economic profile of the farmer members of microfinance institutions

Most farmer respondents (52.24%) earned Php 5,000 or less monthly from farming, reflecting a low-income bracket. Most were tenants (62.40%), and only 37.60% owned their land. Nearly half (49.80%) had over 26 years of farming experience, indicating a seasoned but economically disadvantaged population. About 45.71% relied solely on farming for income, underscoring their financial vulnerability; among those with other sources, salaries and remittances were most common. Services most widely availed were obligatory ones like savings and life insurance (100%), followed by accident insurance and agri-loans, with crop insurance being the least used. This supports findings by Rich (2018) and Nolon and Plaza (2021), who observed that microfinance institutions (MFIs) primarily cater to farmers' immediate and mandatory needs, while uptake of optional services remains low.

Accessibility was the top driver for availing MFI services (58.37%), followed by agricultural and educational needs. MFIs' outreach to clients' local areas reinforces the value of logistical ease, echoing Dagos (2021), though her study emphasized financial security, suggesting contextual differences in priorities.

Problems encountered were generally minor (composite mean = 1.34), with lack of awareness and skepticism about benefits topping the list. These were not major barriers, implying a relatively smooth system, consistent with Anjum et al. (2020), who identified high interest rates and complex procedures as more pressing issues.

Economically, slight majorities reported increases in income (53.47%), reduced poverty (52.24%), and higher capital (51.84%). Roughly half noted improved savings, productivity, and asset acquisition. These modest gains support Fletcher and Kenny (2014), who argued that microfinance promotes financial stability through better resource use and income diversification. However, the near-even split in reported benefits suggests variable outcomes influenced by factors like financial literacy, loan size, or farming risks.

Socially, over half of respondents experienced improvements in household management, lifestyle, public relations, and self-confidence, reflecting social intermediation's empowering

effects. MFIs thus function not only as financial providers but also as agents of community cohesion and personal agency, as noted by Dagos (2021) and Gutierrez and Hechanova (2022).

Personal development showed the strongest gains, with most respondents reporting better education for children (53.88%), improved health, food consumption, and family decision-making involvement. These outcomes suggest that MFIs contribute to reducing intergenerational poverty by improving access to basic needs and fostering long-term planning, reinforcing conclusions by Nolon and Plaza (2021) and Maldonado et al. (2020).

Conclusion

Microfinance institutions (MFIs) provide a range of services, with obligatory ones like savings and life insurance being the most frequently used. Accessibility emerged as the key factor influencing farmers' participation, highlighting the importance of outreach and proximity. Minimal challenges were reported in accessing services, suggesting general satisfaction and ease of use.

MFIs contributed modestly to the economic, social, and personal development of the farmers. Economic improvements—such as increased income, savings, and capital—were present but not universal, indicating that the benefits of microfinance depend on individual and contextual factors. Socially, MFIs fostered relationship-building, improved lifestyles, and greater self-worth. On a personal level, they played a significant role in enhancing family well-being, especially in areas like children's education and nutrition.

Overall, while MFIs are not a cure-all for rural poverty, they provide accessible financial tools that support gradual progress. Their lasting impact will depend on how effectively they adapt to meet the evolving economic and educational needs of their clients.

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